

Local Highway Authority Participation (See recommended legislation in Appendix K)

The highway system in the state is an interdependent network of local streets, collector roads, arterial highways, and freeways. The traveling public is largely unaware and does not care which highway authority maintains the highway they are using. Yet the system must work seamlessly for each trip. This requires continuous coordination and cooperation between highway authorities.

Local highway authorities fund highways under their jurisdiction with property tax, sales tax, and other General Fund monies. In addition, by statute counties and municipalities get 25% of the highway user taxes collected by the state that are deposited in the Transportation Fund.

This B and C Road Account money is allocated each quarter based on a population and road miles' formula (see Section 72-2-108 Utah Code Annotated). In 1997 when the Legislature began to fund the CHF, the increase in registration fees was statutorily withheld from the 25% split in order to devote more revenue to the CHF.

- Counties and municipalities are partners with the state in providing a viable highway and transit system.
- A renewed emphasis in that partnership is needed to find shared transportation solutions.

Much of the need to add highway capacity in particular areas of the state results from the exercise of private property rights and local land use and economic development decisions. A commercial or residential developer who proposes a project that conforms to planning and zoning regulations usually receives authorization from local governments despite the potential impact of the development on local and regional highway systems. In addition, new commercial development is the primary means local government can increase their budgets. Thus, attracting business is a high priority for almost all local governments. Local governments receive a 1% sales tax which is distributed based on 50% point of sale (location of the sale) and 50% population. New revenues are used to offset the cost of increased services needed due to the development and to supplement other services.¹

¹Local governments also have the ability to adopt local option sales taxes to generate revenue for transportation purposes. A county, city, or town located in a transit district may adopt a Public Transit Tax of .25% and an Additional Public Transit Tax for Expanded System and Fixed Guideway Interstate Improvements (Additional Transit Tax) of .25%, which serve as the sole source of funding for public transit districts in localities that have adopted these taxes. The revenue from the Public Transit Tax may be used to fund a public transportation system. The revenue from the Additional Transit Tax may be used to fund a fixed guideway and expanded public transportation system. However, in a first class county 75% of the Additional Transit Tax revenues are allocated to fund a fixed guideway and expanded public transportation system and the remaining 25% are allocated to fund new construction, major renovations, and improvements to Interstate 15 and state highways within the county and to pay any debt service and bond issuance costs related to those projects. As of July 1, 2003, Salt Lake County, Weber County, Davis County, three cities in Box Elder County, nine cities in Cache county, one city in Summit County, six cities in Tooele County, and 15 cities in Utah County have adopted the public transit tax. Salt Lake County, Weber County, and Davis County have also adopted the Additional Transit Tax.

Cities and towns that are not subject to the Public Transit Tax may adopt a Highways or Public Transit Tax of .25%. This

Some local governments charge development impact fees and require developers to make infrastructure improvements in the immediate area of the development. In some cases special improvement districts are formed to collect taxes from the land owners benefitted by the improvements. These receipts can then be used to payoff bonds from infrastructure improvements made by local government.

Although capacity improvements on state highways have a direct benefit to local governments in the immediate area, local participation in funding the projects through a matching basis is not used consistently. When matching is used, the local government is often reimbursed for its contribution. The result is that the state is often viewed by local government as a grantor of highway benefits rather than a partner in providing transportation systems.

revenue may be used for construction and maintenance of highways under the jurisdiction of the city or town imposing the tax, to fund a system for public transit, or both. As of July 1, 2003, two cities in Carbon County, one city in Duchesne County, one city in Emery County, one city in Grand County, one city in Iron County, one city in Juab County, two cities in Sanpete County, two cities in Sevier County, one city in Uintah County, one city in Wasatch County, and six cities in Washington County have adopted this tax.

A county that has not adopted the Additional Transit Tax, may adopt a County Option Sales and Use Tax for Highways, Fixed Guideways, or Systems of Public Transit of .25%. The revenue from this tax may be used for a project or service relating to a fixed guideway system, a project or service relating to a system for public transit, or a project relating to a state highway that begins on or after the date of imposition and involves new construction, renovation, improvement, or an environmental study. As of July 1, 2003, no counties have adopted this tax.